

April 2, 2004

To: Each Supervisor

From: Carlos Jackson, Executive Director

SUBJECT: AB 2264 (CHAVEZ)

Issue

Assemblyman Ed Chavez of the 57th Assembly District, which includes the City of Industry, has introduced AB 2264, a "spot bill" that will be used to amend existing governing authority over the City of Industry funds. The existing law gives the Housing Authority of the County of Los Angeles authority in the allocation and approval of such funds.

We have been informed that Assemblyman Chavez is sponsoring the bill on behalf of the City of Industry. Additionally, the author's office has stated that the bill will be used for purposes other than those provided in the current bill. Although the bill does not mention the City of Industry housing funds at this time, the City Manager of Industry informed my staff that the bill will be used to insert legislative language that would provide the City of Industry with control of the redevelopment housing funds.

Background

In June 1998, your Board charged the Housing Authority with the equitable application and use of these funds within a 15-mile radius of the City of Industry. This plan established a fair and competitive process that has worked exceptionally well in allocating over \$110 million in program funds and leveraging over \$650 million in other resources toward the production of over 4,600 units of affordable rental, for-sale and special needs housing in partnership with cities and the for-profit and non-profit development community.

Furthermore, approximately three (3) years ago, AB 618 (Calderon) was introduced as an attempt by the City to transfer control of the Industry housing funds back to the City of Industry, without any provision requiring the City to develop housing. On March 20, 2001, your Board took a position to oppose AB 618 and instructed the County's lobbyist to actively work for its defeat. AB 618 died in the Housing and Community Development Committee on May 10, 2001.

In June 2001, your Board requested that Housing Authority conduct outreach efforts to encourage RFP responses from developers proposing affordable and

Each Supervisor
April 2, 2004
Page Two

special needs developments in the San Gabriel Valley. These efforts, conducted by private consultants retained by the Housing Authority, included interviewing city officials, as well as for-profit and non-profit developers, to determine if modifications to the program were necessary. The Housing Authority convened informational meetings for cities in the San Gabriel Valley that included presentations by non-profit and for-profit developers. Additionally, the Housing Authority, through the developers, has offered technical assistance to the cities.

Since the Housing Authority began conducting outreach efforts to cities and developers in the San Gabriel Valley, there has been a significant increase in the amount of funding provided to the San Gabriel Valley. In 2001, less than 8% of City of Industry housing funds that were allocated that year were provided to projects in the San Gabriel Valley. Since outreach efforts began, the percentage has increased to approximately 29% of funds allocated in 2002 and more than 55% of funds allocated in 2003 were awarded to proposed developments in the San Gabriel Valley.

Next Steps

AB 2264 has been referred to both the Assembly Local Government Committee and the Assembly Housing and Community Development Committee and is scheduled to be heard by the Local Government Committee on April 14, 2004.

We will closely monitor the bill and will work with your Board and CAO to oppose any legislation that would alter the current legal authority provided to the Housing Authority to administer these funds. Opposing legislation that would jeopardize the transfer of the City of Industry Tax Increment Set-Aside funds to the Housing Authority is consistent with your Board's State Legislative Priorities agenda that was adopted on December 16, 2003.

If you have any questions, please call me at (323) 890-7400, or Syed Rushdy, Director of Housing Development and Preservation at (323) 890-7230.

CJ:TG:sm

c: Nicole Englund, Deputy, 1st District
Julia Orozco, Deputy, 2nd District
Laura Shell, Deputy, 3rd District
Rick Velasquez, Assistant Chief Deputy, 4th District
Paul Novak, Deputy, 5th District